

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Dorothy Hull Library	County Eaton
Fiscal Year End 12/31/05	Opinion Date 6/19/06	Date Audit Report Submitted to State 6/27/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

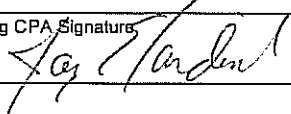
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Cardinal Tepatti & Co., P.C.		Telephone Number 517-627-4008		
Street Address 11966 Sweetwater Dr.		City Grand Ledge	State MI	Zip 48837
Authorizing CPA Signature 		Printed Name Jay E. Cardinal		License Number 1101009698

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
EATON COUNTY, MICHIGAN  
AUDIT REPORT  
DECEMBER 31, 2005**

## TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	9
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities - Governmental Funds	10
Notes to Financial Statements	11-17
Other Supporting Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	18

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## INDEPENDENT AUDITOR'S REPORT

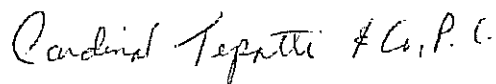
Honorable Board Members  
Dorothy Hull Library  
Windsor Charter Township  
Dimondale, MI 48876

We have audited the accompanying financial statements of the governmental activities and the major fund of Dorothy Hull Library, Windsor Charter Township, Dimondale, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Dorothy Hull Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Dorothy Hull Library, Windsor Charter Township, Dimondale, Michigan, as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 19, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Grand Ledge, Michigan  
June 19, 2006

DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED DECEMBER 31, 2005

The management of the Dorothy Hull Library, Windsor Charter Township, ("the Library") offers this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2005 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Library's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

**Financial Highlights**

The assets of the Library exceeded its liabilities at the close of the most recent fiscal year by \$546,564 (net assets). Of this amount, \$342,112 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The Library's total net assets decreased by \$9,297 dollars.

As of the close of the current fiscal year, the Library's governmental fund reported an ending fund balance of \$408,481, an increase of \$9,095 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$384,146 or 465 percent of total general fund expenditures.

**Overview of the Financial Statements**

The Library's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statements are designed to provide a broad overview of the Library's financial position. The Statement of Net Assets and the Statement of Activities are two new financial statements that report information about the Library as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The Statement of Net Assets presents information on all of the Library's assets and liabilities, the difference between the two being reported as the Net Assets of the Library. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The Statement of Activities gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on pages 5 and 6 of this report.

**Focus on Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Library is categorized as a governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide information to facilitate this comparison between governmental funds and governmental activities.

The Library maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered a major fund.

The Library adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 7 and 9 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-side and fund financial statements. The notes to the financial statements can be found on pages 11 through 17 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's general fund budget on page 18.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Library, assets exceeded liabilities by \$546,564 at the close of the most recent fiscal year.

A large portion of the Library's net assets (33 percent) reflects its investment in capital assets (e.g., Library books, furniture and equipment), less any related debt, none at year end, used to acquire those assets that are still outstanding. The Library uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending.

### **Condensed Financial Information**

The table below compares key financial information in condensed format:

	<u>2005</u>	<u>2004</u>
Current assets	\$371,068	\$363,652
Capital assets – net of depreciation	<u>180,117</u>	<u>196,628</u>
Total assets	551,185	560,280
Other liabilities	<u>4,621</u>	<u>4,419</u>
Net assets:		
Invested in capital assets, net of depreciation	180,117	196,628
Restricted for capital projects	24,335	23,689
Unrestricted	<u>342,112</u>	<u>335,544</u>
Total net assets	<u>\$546,564</u>	<u>\$555,861</u>
Revenue:		
Penal fines	\$ 30,758	\$ 27,539
Transfers	37,000	35,000
Other	<u>22,443</u>	<u>17,702</u>
Total revenue	90,201	80,241
Expenses – Library services	<u>99,498</u>	<u>98,090</u>
Change in net assets	<u>\$ (9,297)</u>	<u>\$(17,849)</u>

### **Contacting the Library**

This financial report is designed to provide the wide variety of users of this document with a general overview of the Library's finances and demonstrate the Library's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Dorothy Hull Library, 405 W Jefferson, Dimondale, Michigan 48821.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 102,539
Investments	267,664
Prepaid Insurance	865
Capital Assets - Net	<u>180,117</u>
Total Assets	<u>551,185</u>
 <b>LIABILITIES</b>	
Accounts Payable	1,291
Accrued Expenses	<u>3,330</u>
Total Liabilities	<u>4,621</u>
 <b>NET ASSETS (DEFICIT)</b>	
Invested in Capital Assets	180,117
Restricted for Special Purposes	24,335
Unrestricted	<u>342,112</u>
Total Net Assets	\$ <u><u>546,564</u></u>

The notes to the financial statements are an integral part of this statement.

DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities: Recreation and Culture	\$ 99,498	\$ 7,235	\$ -0-	\$ -0-
General Revenues:				
State Aid - Unrestricted				6,383
Penal Fines				30,758
Investment Income				6,470
Miscellaneous				2,355
Transfers				37,000
Total General Revenue				82,966
Change in Net Assets				(9,297)
Net Assets (Deficit) - Beginning of Year				555,861
Net Assets (Deficit) - End of Year				\$ 546,564

The notes to the financial statements are an integral part of this statement.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 102,539
Investments	<u>310,563</u>
Total Assets	<u>\$ 413,102</u>
 <b>LIABILITIES AND FUND EQUITY</b>	
Liabilities	
Accounts Payable	\$ 1,291
Accrued Wages	<u>3,330</u>
Total Liabilities	<u>4,621</u>
Fund Balance	
Fund Balance - Unreserved	384,146
Fund Balance - Reserved	<u>24,335</u>
Total Fund Balance	<u>408,481</u>
Total Liabilities and Fund Balance	<u>\$ 413,102</u>

The notes to the financial statements are an integral part of this statement.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
December 31, 2005**

Total fund balance -Total governmental funds	\$ 408,481
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental fund financial statements.	517,299
Accumulated depreciation has not been included in the governmental fund financial statements.	(337,182)
Adjust investments to fair market value	(42,899)
Prepaid items are not available to pay current-period expenditures and, therefore, not reported in the funds.	<u>865</u>
Net assets of governmental activities	\$ <u><u>546,564</u></u>

The notes to financial statements are an integral part of this statement.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP**  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund
<b>REVENUES</b>	
State Aid	\$ 6,383
Penal Fines	30,758
Charges for Services	4,235
Interest and Rentals	10,983
Other Revenue	<u>2,355</u>
Total Revenues	<u>54,714</u>
 <b>EXPENDITURES</b>	
Recreation and Culture	67,343
Capital Outlay	<u>15,276</u>
Total Expenditures	<u>82,619</u>
Excess of Revenues Over (Under) Expenditures	(27,905)
Other Financing Sources (Uses) Operating transfers in - Primary government	<u>37,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	9,095
Fund Balance - January 1	<u>399,386</u>
Fund Balance - December 31	<u>\$ 408,481</u>

The notes to the financial statements are an integral part of this statement.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Net Change in Fund Balance - Total Governmental Funds	\$ 9,095
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Capital asset purchases capitalized	17,957
Depreciation expense	(34,467)
Prepaid items reduce expenses reported in the statement of activities, but are reported as expenditures in the governmental funds because they require the use of current financial resources.	
	(368)
Loss realized on investments	<u>(1,514)</u>
Change in Net Assets of Governmental Activities	\$ <u><u>(9,297)</u></u>

The notes to financial statements are an integral part of this statement.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Dorothy Hull Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Dorothy Hull Library:

The Reporting Entity

Dorothy Hull Library was established pursuant to the provisions of Michigan law (MCL 397.210) and is governed by an elected six-member board. The Library Board has exclusive control over library funds, expenditures and of any library building construction, supervision, care and maintenance. The library fund revenues must be deposited in the township treasury and are drawn by the township treasurer on library board vouchers.

The criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Based on the above criteria, the financial statements present only the Dorothy Hull Library, a component unit of Windsor Charter Township.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Library as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by intergovernmental revenues, are reported separately from business-type activities, generally financed in whole or in part with fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenue.

Fund Financial Statements

The Library segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current resources. The general fund is the Library's only governmental fund.

The general fund is the Library's primary operation fund. It accounts for all financial resources of the general government.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTES 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D**

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences and claims and judgements are recorded only when payment is due.

Private-sector standard of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with standards of the Governmental Accounting Standards Board.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity date within three months or less when acquired.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D**

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	25 to 40 years
Land Improvements	15 years
Furniture and Fixtures	10 to 20 years
Computer Equipment	5 years
Library Books and Videos	10 years

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These funds are reserved for future capital outlays and improvements to the library.

DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State Law for the General Fund. All annual appropriations lapse at fiscal year end. Encumbrances are not employed.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the activity level. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits entities to amend their budgets during the year. There were no significant amendments during the year.

NOTE 3 - CASH

Michigan Compiled Laws, section 129.91, authorizes the Library to make deposits and invest in the accounts of the federally insured banks, credit unions, and savings and loan associations which have offices in Michigan. The Library is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Library Board has designated three banks for deposit of Library funds. The investment policy adopted by the board in accordance with Public Act 196 of 197 has authorized investments in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Library's deposits and investment policy are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Library's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amounts</u>
Insured (FDIC)	<u>\$ 102,539</u>

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Library or its agent in the Library's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Library's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Library's name.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH – CONT'D**

At year-end, the government's investment balances were categorized as follows:

	1	Category 2	3	Reported Amount (Fair Value)
Certificates of Deposit	\$ <u>139,746</u>	\$ <u>70,817</u>	\$ <u>-0-</u>	\$ 210,563
Investments Not Subject to Categorization				<u>57,101</u>
Totals				\$ <u>267,664</u>

The New York Life Insurance investment is in a whole life insurance policy insuring the life of the donor. The Library is the beneficiary and owner of this policy. The donor has paid \$100,000 on the insurance policy. Future insurance premiums will be paid from cash values of the insurance policy. The cash and face values of the policy at December 31, 2005, were \$57,101 and \$115,421, respectively.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity of the Library for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciate				
Land	\$ 4,190	\$	\$	\$ 4,190
Capital Assets Being Depreciated				
Buildings	92,966			92,966
Land Improvements	3,950			3,950
Furniture and Fixtures	39,203			39,203
Books & Videos	<u>383,000</u>	<u>17,956</u>	<u>23,966</u>	<u>376,990</u>
Subtotal	<u>519,119</u>	<u>17,956</u>	<u>23,966</u>	<u>513,109</u>
Less Accumulation Depreciation	<u>326,681</u>	<u>34,467</u>	<u>23,966</u>	<u>337,186</u>
Net Capital Assets Being Depreciated	<u>192,438</u>	<u>(16,511)</u>	<u>-0-</u>	<u>175,927</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	\$ <u>196,628</u>	\$ <u>(16,511)</u>	\$ <u>-0-</u>	\$ <u>180,117</u>

Depreciation expense totaling \$34,467 was charged to the general government program in the statement of activities

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – EMPLOYEE'S RETIREMENT SYSTEM – DEFINED CONTRIBUTION**

The Library has a defined contribution pension plan covering substantially all employees who choose to belong to the plan. The minimum contribution of employees who wish to participate is 5 percent of their gross wage. The Library will contribute a maximum of 10 percent of participating employees gross wages. This benefit is an insurance-type plan administered by plan trustees, "Windsor Charter Library Pension Plan", under provisions of Section 401(a) of the Internal Revenue Code. As of December 31, 2005, the pension plan's current membership was one employee.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participants account, the returns earned on the investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. The plan has no annual contribution requirement. Amounts to be contributed to the plan will be determined by the library board annually and all contributions have immediate vesting.

For the plan year ended December 31, 2005, the Library's actual contributions amounted to \$3,427. The plan is funded through the John Hancock Insurance Company and had the following activity during the fiscal year ended December 31, 2005.

Balance - January 1, 2004	\$ 37,160
Contributions - Employees	3,427
- Employer	3,427
Earnings (Loss)	1,465
Charges	<u>( 552)</u>
Balance - December 31, 2005	<u>\$ 44,927</u>

No pension provision changes occurred during the year that affected the required contributions to be made by the Dorothy Hull Library.

The pension plan held no securities of the Dorothy Hull Library or other related parties during the year or as of the close of the fiscal year.

**NOTE 6 – FUND BALANCE – RESERVED**

The reserved portion of the fund balance, totaling \$24,335 consists of the Dorothy Hull Memorial Fund. These funds are reserved for future capital outlays and improvements to the library.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – RISK FINANCING**

The Library is exposed to various risks of loss related to theft of, damage to, and distribution of assets; errors and omissions; and injuries to employees. The Library purchases insurance from independent third parties for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, building and contents) and workers' compensation. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

**DOROTHY HULL LIBRARY  
WINDSOR CHARTER TOWNWHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
<b>REVENUES</b>				
State Aid	\$ 6,300	\$ 6,300	\$ 6,383	\$ 83
Penal Fines	25,000	25,000	30,758	5,758
Charges for Services	3,050	3,050	4,235	1,185
Interest and Rentals	6,880	6,880	10,983	4,103
Other Revenues	200	200	2,355	2,155
<b>Total Revenues</b>	<b>41,430</b>	<b>41,430</b>	<b>54,714</b>	<b>13,284</b>
<b>EXPENDITURES:</b>				
Personal Services	47,528	47,528	46,207	1,321
Operating Supplies	2,800	2,800	2,034	766
Insurance	2,500	2,500	1,820	680
Professional Services	2,300	4,300	4,250	50
Utilities	4,500	4,500	3,962	538
Repairs and Maintenance	1,500	1,500	1,202	298
Capital Outlay - Books & Videos	20,100	18,100	15,276	2,824
Capital Outlay - Other	3,000	3,000		3,000
Miscellaneous	5,550	5,550	4,441	1,109
Retirement	3,500	3,500	3,427	73
Contingencies	8,000	8,000		8,000
<b>Total Expenditures</b>	<b>101,278</b>	<b>101,278</b>	<b>82,619</b>	<b>18,659</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(59,848)</b>	<b>(59,848)</b>	<b>(27,905)</b>	<b>31,943</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers	37,000	37,000	37,000	-0-
<b>Excess of Revenue and Other Financing Sources Over Expenditures and Other Uses</b>	<b>\$ (22,848)</b>	<b>\$ (22,848)</b>	<b>9,095</b>	<b>\$ 31,943</b>
<b>Fund Balance - January 1, 2005</b>			<b>399,386</b>	
<b>Fund Balance - December 31, 2005</b>			<b>\$ 408,481</b>	

The notes to the financial statements are an integral part of this statement.